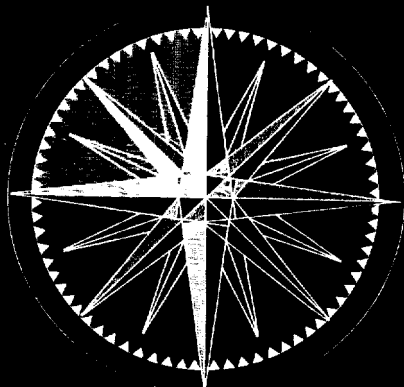


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WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

State Department review completed

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VIETNAM

On 20 September US fighter-bombers encountered one of the most vigorous reactions by North Vietnamese air defenses seen to date while they were bombing the vital Hanoi - Lang Son rail line. In addition to heavy artillery fire, the aircraft were fired at by at least ten surface-to-air missiles--all of which missed. US pilots reported, however, that no MIGs were seen.

This unusual response testifies to the critical importance of this rail line for the continued delivery to North Vietnam of large quantities of military and economic aid. The strike was successful in knocking out, at least temporarily, one of the rail bridges at Cao Nung.

Only a few days before the 20 September strike, the North Vietnamese had deployed a number of jet fighters--at least eight--to Kep Airfield, about 35 miles northeast of Hanoi on the rail line. Considerable improvements have recently been made to the field to render it serviceable as a jet fighter base.

Continued attacks against the rail line in this area may result in the deployment of additional jet fighters to Kep and possibly to Haiphong - Cat Bi. Future US strikes against this important target will probably meet a response at least as de-

termined as that encountered on 20 September.

The failure of so large a number of missiles to hit their targets on 20 September has raised doubts as to the effectiveness of the North Vietnamese SAM defenses.

The relative ineffectiveness noted in the SAM firings may stem partly from the inexperience of North Vietnamese crews now apparently taking over some missile operations. They may be firing the missile either prematurely or too late to score a hit. This is particularly true in view of the fact that US strike aircraft take evasive action as soon as the pilots become aware that they are in the vicinity of an active missile site.

It is also possible that the equipment is not functioning as efficiently as it was designed to function because the Communists are moving it rapidly from one location to another. In addition, the radar being used in Vietnam is of the older and less effective "S" band type, rather than the newer "C" band in use in the USSR.

Situation in South Vietnam

Two large-scale South Vietnamese - US operations in Viet

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Cong strongholds were the main incidents in the military situation in the South last week, which was otherwise marked by a general decrease in ground activity. The ten-day clearing operation initiated on 13 September northeast of Ben Cat in Binh Duong Province resulted in little enemy contact, although several Viet Cong supply and arms manufacturing facilities and a field hospital were discovered. Heavy fighting occurred, however, when US troops engaged a Viet Cong battalion north of Route 19 near An Khe on 18 September during a joint operation in Binh Dinh Province. With close air support, US forces killed some 225 Viet Cong, sustaining

losses of 13 killed and 52 wounded.

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The political situation in South Vietnam remains generally quiet.

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PAKISTAN-INDIA-CHINA

The three-week Indo-Pakistani war ended on 22 September as both sides grudgingly agreed to a cease-fire.

Neither country has fully accepted the spirit or letter of the 20 September UN cease-fire resolution, however, and the tangle of loose ends will probably take months--possibly years--to unravel. Pakistan's President Ayub ordered his troops to remain in place for the present, and Indian forces will probably do the same.

The UN plans to establish a 100-man observer team in the Punjab, similar to the UN team stationed along the 1949 Kashmir cease-fire line. There is some danger that unless a troop withdrawal can soon be effected the dangerous confrontation of forces in the Punjab will, as in Kashmir, continue indefinitely.

Opinion in Pakistan is reportedly running heavily against the cease-fire. Normally objective military commanders appear disposed to continue the fight despite the heavy costs and the lack of any prospects for victory. Ayub's position has probably been eroded somewhat by the apparent failure of his bid to force a Kashmir settlement, as well as by his agreement to the cease-fire, but there probably is no immediate threat to his position.

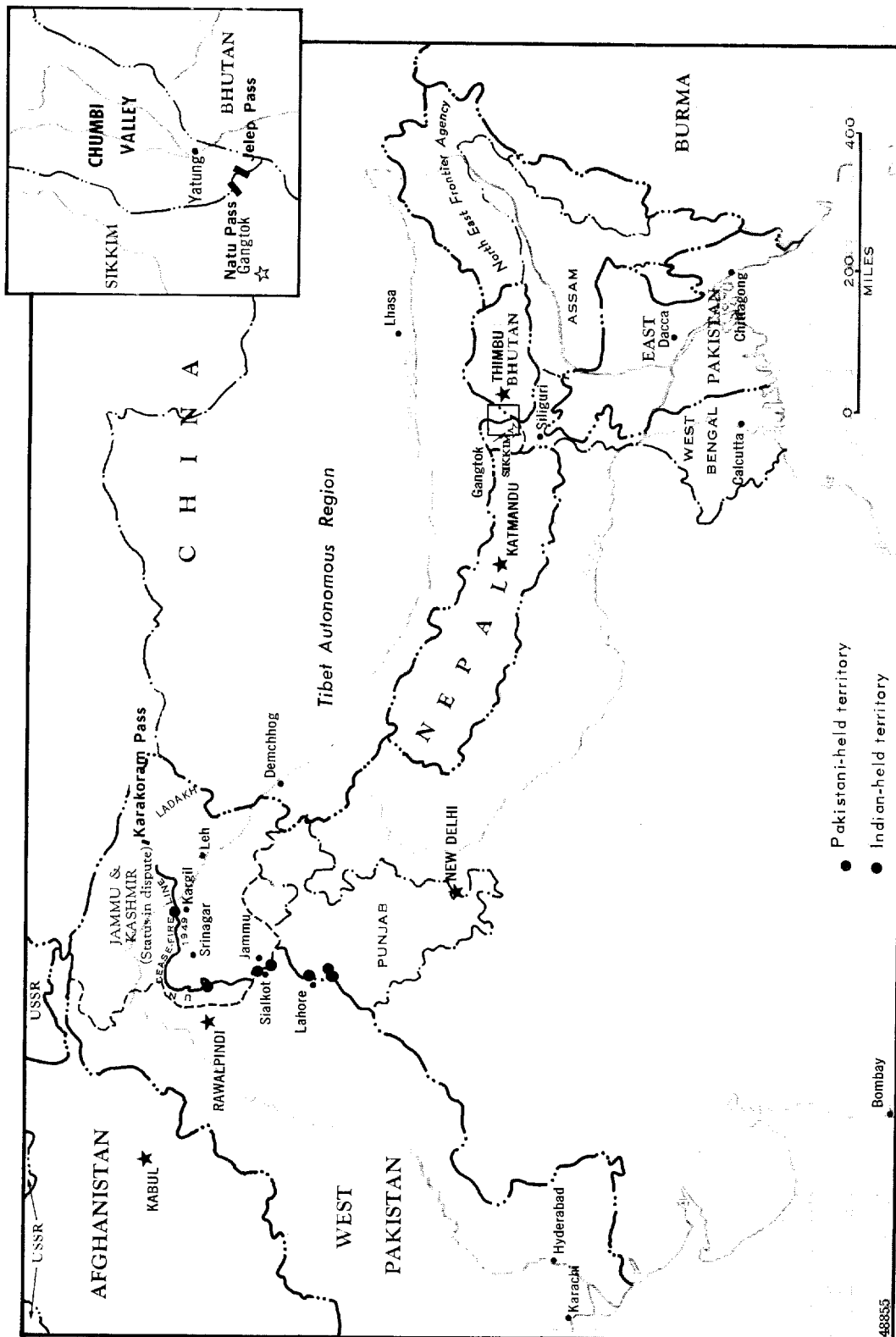
New Delhi is pleased by the results of the war, although the more radical anti-Pakistani elements hoped for a complete rout. Prime Minister Shastri's willing-

ness to consider discussions on Kashmir will be limited by the pressure that can be exerted by this ultranationalist lobby, which includes important Congress Party figures. Nevertheless, Shastri and his closest colleagues within the cabinet and party have been strengthened by their politically astute management of the crisis and may have earned a freer hand in the long run.

Shastri will also be helped by the remarkable absence of serious communal disturbances during the undeclared war. Stringent security precautions and the careful handling of reports from the military front have prevented serious Hindu-Muslim disorders. Since the acceptance of the new cease-fire, the government of West Bengal State has strengthened security forces and restricted activities of Muslims in areas of the state bordering on East Pakistan to forestall possible communal violence resulting from the settlement.

Suspensions have deepened in India that Pakistan's Kashmir initiative was the result of collusion with Communist China. A senior Indian official told a US Embassy officer early this week that he feared the Chinese were planning to send troops through the Karakoram Pass in northern Ladakh to link up with Pakistani infiltrators north of Kargil. While such a development appears unlikely, particularly in the light of the Indo-Pakistani cease-fire, similar fears are being widely expressed.

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Press reports in New Delhi state that over 100 members of the Indian Parliament, representing "almost all shades of political opinion" have urged the government to begin immediately a nuclear weapons development program in defense against Sino-Pakistani plotting. There are no indications that the Shastri government has actually decided to build the bomb, a step it has heretofore resisted. However, the Indians are probably capable of detonating a nuclear device within 18 months of a decision to do so.

Chinese Activity

On 19 September Peking extended for an additional three days its ultimatum demanding that the Indians dismantle "military works of aggression" on the Chinese side of certain Sikkim border passes. This move was apparently prompted by a desire to broaden China's limited room for maneuver and to undercut charges that Peking was bent on provoking a wider war.

It may also have resulted from a Pakistani request and a desire to avoid new moves which would support charges of collusion between Peking and Rawalpindi. President Ayub told the US ambassador on 21 September that twice in recent days Pakistan had asked the Chinese not to intervene.

The sudden change in Chinese Foreign Minister Chen Yi's travel plans on 18 September to avoid a stopover in Karachi suggested that Peking was already considering a shift in tactics. Chen, on his way home from Africa, made an unscheduled 25-hour layover in Damascus to "rest," instead of going to Pakistan, and then continued on to China via Afghanistan.

Late on 21 September, before the expiration of their ultimatum, but with an Indo-Pakistani cease-fire close at hand, the Chinese backed off still further. A brief Peking broadcast stated that Indian forces had partially dismantled the controversial military structures--an allegation denied by New Delhi.

This permitted the Chinese to allow their deadline to pass without taking any military action, and on 22 September an authoritative People's Daily "Observer" article claimed that Peking's ultimatum had forced the Indians to comply with the Chinese demand for demolition of border installations. The article attempted to keep open, however, the threat of further action by claiming that other demands--for

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return of livestock and allegedly kidnaped border inhabitants-- are still outstanding. "The matter is far from closed" Peking warned and the Chinese will undoubtedly attempt to maintain pressure in a lower key through such verbal threats.

Soviet Attitude

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[redacted]
[redacted] Moscow dramatically extended its offers of "good offices" to help secure an end to hostilities. Premier Kosygin invited Ayub and Shastri to meet on Soviet territory if it would facilitate the restoration of peace, and offered to

participate himself. Kosygin's letters, released by TASS on 19 September, were but the latest of many recent official statements reflecting genuine Soviet concern about the crisis and especially about the possible consequences of any deeper Chinese involvement.

Soviet Foreign Minister Gromyko's remarks to Ambassador Goldberg on 21 September emphasized a common Soviet-US interest in damping down the crisis. Gromyko expressed "gratification" at the "excellent cooperation" between Gold- 25X1 berg and chief Soviet UN delegate Federenko during UN deliberations on the cease-fire. [redacted]

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The Communist World

SOVIET CENTRAL COMMITTEE PLENUM TO CONVENE NEXT WEEK

A Soviet party central committee plenum is expected to convene on Monday, 27 September, followed by a session of the USSR Supreme Soviet on 1 October. The latter body will undoubtedly merely ratify the organizational and personnel decisions adopted earlier by the central committee. The plenum probably will reorganize industrial management and endorse some general principles of economic reform. However, it seems unlikely that the meeting will adopt detailed decisions on far-reaching, market-oriented liberalization.

A disposition on the part of the leadership to proceed cautiously in implementing reforms in the economic field has been apparent since early this year. Some recent authoritative statements seemed aimed at dispelling any anticipation by liberal economists that the central committee now will fully endorse their views. Speaking on 14 September of the experience of Eastern European countries in economic reform, party chief Brezhnev stated that work in this direction in the USSR requires time, and that "premature and subjective decisions are especially impermissible."

The following day, a sharply worded editorial in the central

committee's economic newspaper argued that long-standing administrative methods are essential to a planned economy and insisted that "further development" of independence in enterprise management will occur within the framework of a "strengthening" of centralized principles in planning. But on 23 September, Izvestia countered with a demand to move faster in granting greater autonomy to factory managers and criticized "attempts to go back to the old, to administer as before."

Nevertheless, the plenum probably will substantially modify the system of regional economic councils (sovnarkhozy) created by Khrushchev in 1957, replacing it with a functionally organized ministerial system. Reorganization occurred earlier this year in the defense-oriented industries and in agriculture, establishing a pattern apparently to be followed now throughout the rest of the economy.

Agricultural policy is also likely to be discussed in preparation for the All-Union Congress of Collective Farm Workers, which Brezhnev has proposed convening in 1966.

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Some shifts in responsibilities at a high level are likely to result from a reorganization in the administration of industry. Rumors of a major shake-up at the top leadership level persist, but there is no firm evidence to support them. Soviet officials have recently begun to express concern over the effect on the international situation of such rumors, which they label "baseless and sensational."

In addition to discussing economic matters, the central committee plenum presumably will announce the date for convocation of the 23rd party congress early next year. In the past, such announcements have also included the agenda and the main speakers, providing insight into the relative standing of the top leaders. [REDACTED]

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SOVIET NAVAL SHIPS MAKE EGYPTIAN PORT CALL

A destroyer, two F-class submarines, and two auxiliary ships of the Soviet Northern Fleet left Port Said, Egypt, on 20 September after a four-day stay. This port call and a similar one made in July at Salum, 250 miles to the west,

are the first naval visits by Soviet fleet units to a non-Communist Mediterranean nation. However, neither call appeared to be a formal visit, and there is no evidence that the Soviets are receiving naval logistic support from UAR bases. [REDACTED] 25X1

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Asia - Africa

MILITARY ACTIVITY RISING IN LAOS

Military activity in Laos is rising as the rainy season ends. Outbreaks of fighting between government and Communist forces have been reported from several scattered areas.

North of the royal capital at Luang Prabang, government forces on 19 September reportedly recaptured Lat Hane, a village which had been overrun by a Communist unit earlier this month. Government forces have also had some success in limited offensive operations along the Mekong to the west of Luang Prabang and in the mountains north of Thakhek in central Laos. Fighting is continuing east of Hua Muong, a key hill position recently retaken by government troops.

These operations have all been heavily dependent on close air support from the T-28s of the Laotian Air Force.

There are indications that the Communists, who reportedly have resorted to air and river resupply to alleviate severe sup-

ply shortages during the summer monsoon, may be planning an early resumption of truck supply operations into Laos. Although movement into north-central Laos along the full length of Route 7 reportedly is still blocked by high water conditions, reports indicate that the Communists have military and civilian repair teams working to reopen the route. Some truck movement has been observed in the Ban Ban area.

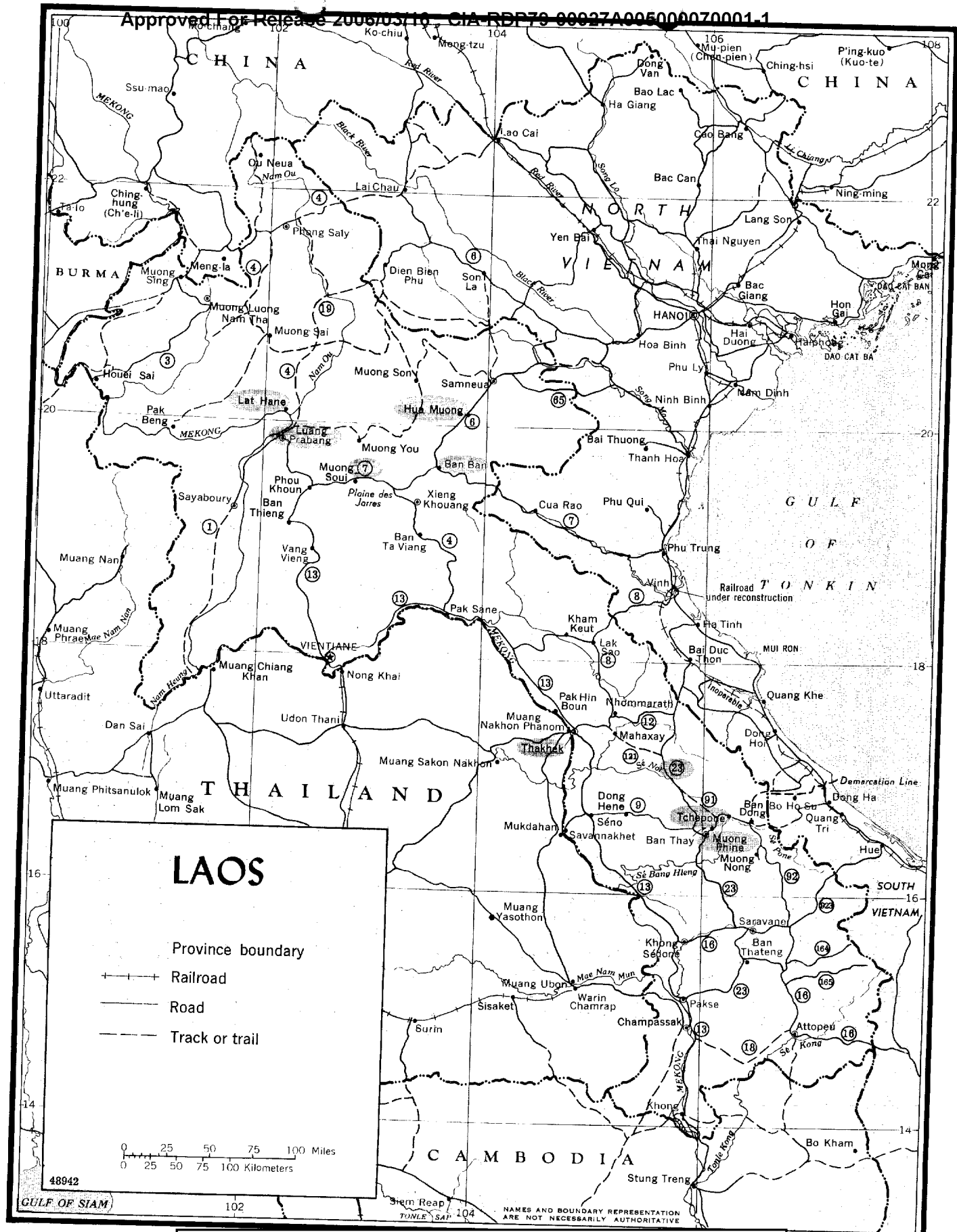
Farther south, an "unidentified tracked vehicle" was reported moving south on Route 23 toward Muong Phine on 17 September suggesting that the Communists may be planning to reopen this route considerably earlier than last year, when traffic resumed in December. When opened, this segment of the road will link the North Vietnamese border with an extensive road net--substantially improved over the past several months--leading south from the Tchepone area and feeding toward the South Vietnamese border. [REDACTED]

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KIM CHONG-PIL RETURNS TO SOUTH KOREAN POLITICAL SCENE

The turbulent South Korean political scene is witnessing the re-emergence of the one-time party strong man Kim Chong-pil because of President Pak Chong-hui's high regard for his abilities and the frustration of the leaders of the majority Democratic Republican Party (DRP).

President Pak has been ruling with increasing self-assurance and with decreasing regard for the sensitivities of the DRP politicians. Last month he failed to consult them before calling out troops to quell student demonstrations. He also rejected a demand to revamp the cabinet and the party hierarchy.

For the most part Pak, who retains the all-important loyalty of the military hierarchy, has attempted to stay above political controversy and to balance contending factions. He now may feel that the impending settlement with Japan will soon bring major changes to Korea's economy and politics which require close attention.

Pak is mindful of the useful role that Kim Chong-pil, his nephew by marriage, played in building up the DRP, and probably believes he should resume a leading role, despite his large numbers of enemies. Pak is already looking ahead to the presidential campaign of 1967, and probably believes that Kim

can best organize his re-election, as he did two years ago.

Competing DRP factions share a common concern over their declining power position. They feel that the President has forced unexplained legislation on them, appointed key officials without their concurrence, and made major policy changes without consulting them. Even the DRP's central standing committee complains that Pak's behavior is lowering party morale and threatening gradual party disintegration.

Many of them seem temporarily to be casting aside their dislike of Kim in the hope that he may help restore some influence for them with the President. Although he has held no party position since returning last winter from his second exile, Kim has been increasingly active behind the scenes and has built up new rapport in the National Assembly. The key role he played in the abortive effort to reshuffle the cabinet last month suggests that he is beginning to come out into the open. He has buttressed his support in the assembly with recent visits to provincial party officials. Although Kim has of necessity discarded his previous steamroller approach as he moves to regain direction over the DRP, he still wants party-centered authoritarian rule for South Korea.

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ARAB SUMMIT TAKES MODERATE LINE

The third Arab summit conference, held in Casablanca from 13 to 17 September, was marked by a relatively moderate stand on controversial issues and by a nominal truce in inter-Arab bickering.

The conference demand for the elimination of foreign bases "which threaten the security of the Arab region and world peace" contrasts with last year's specific condemnation of "imperialist" bases in Cyprus and Aden. With reference to Vietnam, the Arab leaders confined themselves to expressions of "deep concern," and called for a solution in accordance with the 1954 Geneva agreement. They also expressed "satisfaction" with steps taken to ease the UN payments crisis.

Support accorded to Muslim Pakistan in its war with India was muted, presumably in deference to Cairo's unwillingness to back the Pakistanis strongly because of Egyptian ties with India. The call to "settle the dispute by peaceful means in accordance with UN principles and resolutions" favor Pakistan but maintained a surface neutrality.

An Arab Solidarity Pact signed on 15 September marks an advance on previous nebulous statements of unity, particularly in the extent to which it condemned interference in each other's internal affairs. Its impact may be somewhat dimmed, however, by the timing of the abortive coup in Iraq which will almost certainly be attributed to

Nasir's machinations. The pact was worded so as to invite future cooperation from Tunisia's President Bourguiba, who boycotted the conference.

The Palestine problem was handled with moderation; the conferencees decided to continue work on the Jordan Waters diversion project at presumably less vulnerable locations than in the past, but allocated no further funds to aid the work in Lebanon, Syria, and Jordan. The "new time schedule" envisioned may reflect a fear of provoking further Israeli retaliation. On the other hand, the Arab leaders more than doubled the budget for the United Arab Command (UAC), which has responsibility for meeting any Israeli attack.

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NEW CABINET FOR IRAQ

A new cabinet was formed in Baghdad on 21 September, the third in less than three weeks. President Arif appointed former deputy premier Bazzaz to replace ousted premier Abd al-Razzaq, who fled to Cairo after leading an abortive attempt to oust Arif on 16 September.

Arif's appointment of Abd al-Razzaq earlier this month was generally considered a concession to the strong pro-Nasirist faction in Iraq. Arif had purged six pro-Nasirist cabinet ministers in July.

The coup attempt took place while Arif was in Casablanca for the Arab chiefs-of-state con-

ference. The arrival of Abd al-Razzaq and company in Egypt seems to have thoroughly embarrassed the Egyptian authorities.

The new government will probably try to steer a middle course between pro- and anti-Nasirist factions in Baghdad. Premier Bazzaz has consistently advocated friendly ties with the Nasir regime, but he recently called publicly for federation rather than full union with Egypt. Most of his ministers, apparently political non-entities, are holdovers from Abd al-Razzaq's cabinet, and the weak government is unlikely to survive for long.

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Europe

GREEK POLITICAL CRISIS EASES

Stephan Stephanopoulos, who received a mandate from the King of Greece to form a new government on 17 September, appears to have enough support to win a parliamentary vote of confidence and end the country's ten-week-old political crisis. The vote may come as early as 24 September. His conduct of governmental affairs, however, will be hampered by the necessity for compromise to maintain his small margin of support.

Prime Minister Stephanopoulos says he is heading a "government of national emergency." It is composed of defectors from former prime minister Papandreou's Center Union, with the "symbolic" participation of two former opposition parties, the right-of-center National Radical Union, and the conservative Progressives. Each has a minister without portfolio in the cabinet. The prime minister enticed the last eight defectors to his fold by giving each one a cabinet post. He now seems assured of 152 votes, one more than the minimum necessary.

Many governmental decisions have been held in abeyance in

the last two months, and Stephanopoulos has announced that his main task will be to cope with these problems. He also announced that new elections demanded by Papandreou could not be held until "peace and tranquility" were restored.

Pacification will not come easily. Papandreou is continuing his attacks and has charged that the King, in awarding the mandate for the fourth time, had violated the constitution and that the most recent defectors from the Papandreou party had been "led to the palace...in custody for fear of escape." Papandreou's visit to Salonika in northern Greece last week end drew enthusiastic crowds. The US Consulate there commented that it was a day of great personal triumph for him.

Both Papandreou and the Communist-front United Democratic Left may feel it necessary to resort to violent measures in order to unseat Stephanopoulos. This, combined with stresses which are already appearing among the prime minister's supporters, makes the future of the new government uncertain.

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NATO IN WAKE OF LATEST FRENCH MOVES

President de Gaulle's assertion in his press conference this month that he intends to put an end to French integration in NATO "not later than 1969" has led Alliance members to expect a tougher French line soon after the December presidential election. The Benelux countries in particular, along with the UK, are convinced that the other allies must urgently develop contingency plans for reorganization and operation of NATO in the face of a broad range of possible French actions.

De Gaulle has indicated that his first move will be a demand that US forces and bases on French soil be placed under French command or withdrawn. The US military presence in France is based on bilateral pacts which either party can terminate on a year's notice.

It is less clear how and when the French leader may move against NATO's organizational presence in France. A series of multilateral pacts, similar to the US - French bilaterals, govern the status there of NATO's military headquarters, forces, and bases; these also have a one-year termination clause. This means that if De Gaulle chose early next year to denounce both sets of pacts, US and NATO forces would have to get out of France in 1967--two years before France could give notice of an intention to withdraw from the North Atlantic Treaty itself.

Renewed discussion of fundamental Alliance issues would have

been certain in the next few months even without De Gaulle's explicit rejection of NATO's present form. Nuclear arrangements in the Alliance--both the Allied Nuclear Force and Multilateral Force proposals and the nuclear select committee--have been largely "on ice" pending the West German elections, but seem likely now to come to the fore. Both Chancellor Erhard and Foreign Minister Schroeder have asserted during the campaign that a German role in targeting and planning is not enough --Germany must participate in the weapons system itself.

Revival of serious consideration of the ANF/MLF proposals is certain to draw strong French opposition. NATO Secretary General Brosio told incoming US Ambassador Cleveland that he now believes De Gaulle's NATO policy derives from the General's conclusion that "the real danger in the world is no longer the Russians but the Germans." He thinks this conclusion stems from the German refusal to be protected militarily by France's force de frappe.

Both Brosio and the US Embassy in Paris have advanced the view that the nuclear select committee might conceivably be a bit more palatable to the French than the ANF/MLF proposals. They reason that giving the Germans a greater voice in nuclear planning and targeting could obviate the need for including them in a separate nuclear force.

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POLITICAL TENSIONS IN FINLAND

The durability of Finland's Agrarian-dominated coalition cabinet will be tested in the coming weeks when parliament considers controversial economic and fiscal measures proposed by Prime Minister Virolainen's government.

At issue basically is the extent to which Finland's increasingly industrialized and urbanized economy should continue to support the heavily subsidized agricultural sector represented by the Agrarian Party. The smaller coalition members--the Conservatives, the Liberals, and the Swedish People's Party--have long chafed under the Agrarians' aggressive promotion of farm interests at the expense of other interest groups. However, domestic political considerations and concern over the impact of a government crisis on Finland's relations with the Soviet Union have thus far persuaded these parties not to jeopardize the delicately balanced coalition. There is also recognition that even if this government were to be toppled the Agrarians would in all probability stay on in a caretaker capacity since President Kekkonen is determined not to call early elections.

The opposition Social Democrats are under no such restraints and will be tempted to exploit intracabinet tensions, perhaps even to the point of cooperating with the Communist-front Finnish People's Democratic League in promoting legislation of particular benefit to labor. As representa-

tives of labor and white-collar workers who resent the use of sizable sums in an already tight budget to subsidize an essentially noncompetitive agriculture, the Social Democrats are determined to secure increases in such areas as housing, social welfare, and public works. In this situation, the Agrarians will be hard pressed to keep their coalition partners in line.

In pursuit of these economic considerations, the Social Democrats have already made political gains. In last October's local elections, the Social Democrats--who have been excluded from the government since 1958 by Kekkonen and the Agrarians, ostensibly because the Socialist leadership is "hostile" to the Soviet Union--received more votes than any other party and there is a good possibility that they may emerge from the national elections next summer with the largest representation in parliament.

Such a development would pose a dilemma for President Kekkonen, who would find it difficult to deny the Social Democrats a place in the government. There already are indications that Moscow is alert to this possibility, and Soviet propaganda media have begun reminding the Finnish electorate that the present party leadership does not enjoy Soviet support or "confidence."

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Western Hemisphere

UNREST CONTINUES IN DOMINICAN REPUBLIC

Dominican provisional President Garcia Godoy has continued his efforts to establish a broad political base for his government but has made little headway in establishing authority over the rebel zone.

After completing his cabinet appointments with generally non-controversial individuals, the President filled a number of lesser governmental positions with representatives of partisan groups. Included among these are some 27 appointments of questionable character, many with links to the extreme left [REDACTED]



The rebel enclave in Santo Domingo remains intact, and to date only a small number of weapons have been turned over to the government. The first of a series of ceremonial returns of weapons took place on 22 September. The weapons, mostly of large caliber, were handed over to a committee composed of the minister of interior and representatives from the Dominican Army, the OAS, and the UN. Many of the arms that will be turned in appear to be inoperative.

Meanwhile the rebel zone continues to serve as a haven

for leftist agitators and Communist-oriented propagandists. The Communist-run newspaper Patria, now the country's leading daily, continues its strident campaign against the Dominican military, moderate and conservative elements, and the United States.

Leaders of the pro-Castro 14th of June Group (APCJ) reportedly feel that the provisional government will allow the Communist parties to work openly and have accordingly reopened their headquarters in downtown Santo Domingo.

Secondary-school students, protesting the continued occupation of school buildings by Inter-American Peace Force troops, demonstrated in front of the national palace on 21 September. No injuries were reported. [REDACTED]

Numerous reports continue to indicate that former president Juan Bosch will return to the country on 25 September, the second anniversary of his overthrow. Although Bosch fears for his personal safety, he may feel that he cannot delay further without losing his political popularity. His return could easily upset the tenuous truce now prevailing. [REDACTED]

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VIOLENCE ERUPTS IN BOLIVIAN MINES

Discontent with the Bolivian junta's mine rehabilitation program has erupted into battles between tin miners and security forces at the Catavi - Siglo Veinte mine complex. The trouble began on 18 September when police attempted to arrest a number of extremist mine union leaders. Two days later, miners attacked a police outpost at Llallagua and, in the ensuing melee in which army reinforcements participated, at least 28 persons were killed and 85 wounded. Heavy army patrols are preserving a fragile peace in the Catavi, Llallagua, and Uncia area.

Mine union leadership at Catavi - Siglo Veinte has passed to extremists of the Trotskyite Revolutionary Workers' Party (POR), the party which is in the forefront of agitation against the junta. The center-right Bolivian Socialist Falange (FSB) is also active at Catavi and,

[redacted] has formed an alliance with the POR for agitation in the mines.

Student sympathy for the miners so far has taken the form of declarations, strikes, and denunciations of the junta. Expected street demonstrations have thus far failed to materialize, probably because most student leaders are absent from universities attending a national conference in Tarija. Student discontent with the government has increased over the past few months, however, and the possibility of eventual street action cannot be discounted.

All major political parties have sharply denounced the junta's actions but most parties are split between those counseling moderation and those who wish to capitalize on the unrest to provoke a political crisis.

Although it does not appear at this time that the junta is in immediate danger of being overthrown, stability is deteriorating. Much depends on the future actions of students and political parties. [redacted]

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GUBERNATORIAL ELECTIONS IN BRAZIL ON 3 OCTOBER

The first direct gubernatorial elections to be held in Brazil since the present government assumed power early last year are scheduled for 3 October in half the 22 states. President Castello Branco's decision to allow elections against the advice of hard-line radicals and a number of conservative political leaders apparently reflects confidence that the results will strengthen the regime.

The campaigns in most of the 11 states are being based primarily on local issues, and the results are unlikely to have much impact on national politics. Those in two key states in the south-central industrial region, however, have wide-ranging political implications.

By far the most important contest is in Guanabara where incumbent Governor Carlos Lacerda's hand-picked man, Flexa Ribeiro, is strongly challenged by a joint opposition candidate, former ambassador Francisco Negrão de Lima. The latter was named by the Labor and Social Democratic (PSD) parties after the government succeeded in having two earlier "counterrevolutionary" nominees disqualified. A victory for Ribeiro would boost presidential prospects for Lacerda, who has bitterly opposed many of the regime's policies and about whom Castello Branco has great reservations. A win by Negrão de Lima, who is also receiving Communist support, would be to some extent a rejection

tion of the revolution that brought Castello Branco into office.

The race in Minas Gerais is also important and promises to be close. Governor Magalhães Pinto, another presidential hopeful, has engineered the nomination of his nephew Roberto Resende, who faces the PSD's Israel Pinheiro, an associate of former President Kubitschek. An earlier PSD nominee, whom the government charged with corruption and who was also closely linked with Kubitschek, had been declared ineligible. Pinheiro represents the free and easy style of politics that Brazil's current leadership is determined to eradicate.

The administration has also become directly involved in the elections in Maranhão and Goiás states in an effort to break up the tight political grip of traditional ruling oligarchies. The government seems to be playing largely a passive role in the other races, where most leading candidates appear to be moderates who are in sympathy with Castello Branco's policies.

The outcome of the gubernatorial contests will influence Castello Branco's plans for next year's presidential election. He has been considering proposals for an indirect election as a means of assuring that his successor would be someone who would continue the administration's programs. His bargaining position vis-a-vis Lacerda, the hard-liners, and the political parties will be affected by the results on 3 October.

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ECONOMIC AND POLITICAL PROBLEMS IN COLOMBIA

Colombian President Valencia, denied special powers by Congress to deal with the country's economic problems, has issued decrees establishing a new exchange system, a 20-percent surtax on 1964 income, a development bond issuance of almost \$45 million, a compulsory bond purchase for those obliged to pay the surtax, and a surtax of 10 percent on 1965 income. He also promulgated revisions in the labor code which were approved by a "Grand Commission" created in January to review labor problems.

The reaction of the vast majority of the public seems at the moment to be apathetic, although those who will lose money are opposed and those hoping to profit by the decrees are elated. The new labor code helped stem the wave of strikes that threatened in the first half of September to paralyze the already sluggish economy, but discontent among workers and unemployed and the fear of inflation indicate that labor unrest is far from over. Valencia still faces the threat of Communist-incited strikes and student demonstrations that could be controlled only by using troops.

Valencia last week also stanching an incipient "revolt" by the Liberal Party, partner of Valencia's Conservative Party in the National Front government. Irrate Liberal leaders had threatened to pull their representatives out of the cabinet and other appointive posts following attacks

on the party from the floor of the Senate which Liberal leaders blamed on Valencia.

Valencia's success with the Liberals was supplemented by the army's surprisingly rapid move into Riochiquito, the mountain stronghold of the Communist bandit Tiro Fijo and his gang.

Troops took control of the region in less than a week, but the brigands are still at large and could resume activity after the army relaxes its vigilance.

In the remaining 11 months of his term, Valencia can expect a continuing series of major and minor crises in his dealings with labor, management, landowners, coffee growers, and international lending agencies. Furthermore, he realizes that he is more vulnerable than ever to attacks from his political opponents, who are keen to discredit his administration as well as his personal reputation.

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GENEVA DISARMAMENT TALKS ADJOURN

The adjournment of the Eighteen-Nation Disarmament Committee (ENDC) meeting in Geneva on 16 September ended the second phase of this year's disarmament negotiations. No real progress was made, either by it or by the earlier session of the UN Disarmament Commission, and none is likely in the near future.

The Geneva session was nevertheless useful in clarifying some of the problems involved in controlling the spread of nuclear weapons, limiting nuclear testing, and reducing nuclear stockpiles. The introduction of a draft nonproliferation treaty by the Western powers and the Italian proposal that each nonnuclear state unilaterally eschew acquisition of nuclear weapons for a specified period of time represented at least a beginning on these problems. The Soviets made it clear that one precondition to their acceptance of a nonproliferation treaty would be abandonment of plans for a NATO nuclear force.

The nonaligned members of the ENDC were most interested in discussing a comprehensive test ban. The eight countries in this group support the UAR proposal for a ban on nuclear tests above the threshold of 4.75 on the Richter scale for measuring seismic disturbances and for a moratorium on all tests below that threshold. The Soviets have also endorsed this proposal, which approaches Moscow's call for an unpoliced ban on all underground testing. In future disarmament

sessions the nonaligned countries may agree that advances have been made in detection systems which would lessen the need for on-site inspection.

The next phase in disarmament negotiations will be in the 20th United Nations General Assembly session which opened this week. The Italians have made it clear that they intend to submit their proposal to the assembly, even though the chances for its acceptance are small. The nonaligned countries are increasingly reluctant to relinquish any chance of obtaining nuclear weapons unless this self-denial is tied to general and complete disarmament, and India has repeatedly maintained that security assurances must be given the nonnuclear states. Their attention may therefore shift to a comprehensive test-ban treaty as a way to assure the nonaligned that the "race" among the nuclear powers will also be checked.

The assembly will also consider the Yugoslav resolution--left over from the UN Disarmament Commission talks--which calls for a world disarmament conference. Such a conference is still highly popular despite its attendant problems, such as the role of Communist China, the question of the representation of divided states, and the prospect of another round of propaganda attacks between East and West.

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